



Bureau of Insurance Statement Regarding Maine Community Health Options

June 7, 2018

CHO reported net income of \$2.2 million for the month of April (\$1.2 million more than Plan) and its year to date net income at the end of April was \$14.5 million. (Both revenues and expenses were lower than projected in the Plan.) As of April 30, 2018, the Company's total reported surplus was \$48.4 million, a \$14.6 million (43.4%) increase from December 31, 2017 and a \$2.4 million (5.2%) increase from March 31, 2018.

The Company reported bonds, cash, cash equivalents, and short term investments in April totaling \$114.7 million, a \$52.0 million increase from the \$62.8 million CHO reported at December 31, 2017 and an increase of 8.1% over the amount reported for March. These assets exceed the Company's accrued liabilities for member and provider-related obligations and the BOI remains comfortable that CHO has the assets to meet its current obligations to members and their health care providers.

CHO had total membership of 53,939 at the end of April (81.3% individual, 15.9% small group, and 2.8% large group). This reflects a 1.0% decrease in total membership from March 31, 2018 and is 0.2% less than Plan.

The reported percentage of Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at April 30, 2018) in the 0-30 day period (76.7%) was lower than the figure reported for March 31, 2018 (82.2%). The 0-60 day period inventory (93.7%) was higher than reported for March (91.0%). The adverse month-to-month variation for the 0-30 day period was due to timing: the normal seven day interval between claim "payment days" ended May 1. The BOI is monitoring the aging of the claim inventory on a weekly basis and can advise, based on CHO's most recent reporting, that as of June 5, 2018, the percentage of Net Outstanding Claim Submissions in the 0-30 period was 94.2% and in the 0-60 day period 99.1%. The goal is for properly submitted claims to be processed within thirty days and CHO has recently reported faster claims processing within that 0-30 day target.

Results for April and year to date need to be considered in context. Health insurers generally have better experience earlier in the calendar year before members satisfy deductibles and other cost sharing thresholds. Results in the first several months of the year, therefore, are not necessarily predictive of results in subsequent months. Also, CHO's transition to a new claim administration platform in January reduced its cash outflow in January and February since claim payments to health care providers were significantly delayed and a backlog created. During March and April CHO made very substantial claim payments to health care providers. CHO advises that the backlog due to the claim administration platform transition has been eliminated. Finally, because CHO's membership significantly increased from 2017 to 2018, an increase in assets due to the additional premium revenue would be expected.